

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

September 16, 2002  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall and Councilmembers Davidson, Lee, Mosher, and Noble

ABSENT: Deputy Mayor Degginger and Councilmember Creighton

1. Executive Session

Mayor Marshall opened the meeting at 6:00 p.m. and announced recess to executive session for approximately 30 minutes to discuss one item of property acquisition and one item of pending litigation.

The study session resumed at 6:45 p.m. with Mayor Marshall presiding. Mrs. Marshall suggested that Agenda Item 2(b) be postponed until September 23 due to the absence of two Councilmembers, and Council concurred.

2. Study Session

(a) Continued Discussion of Public Safety/Civic Center Property Acquisition

City Manager Steve Sarkozy apologized for the poor quality of tonight's video broadcast and explained that technicians were working to correct the problem.

Mr. Sarkozy recalled staff's presentation to Council on September 3 regarding the potential relocation of City facilities to the Qwest building in downtown Bellevue.

Planning and Community Development Director Matt Terry said the purpose of tonight's discussion is to provide an update on the proposed acquisition and to discuss financing options. The September 3<sup>rd</sup> presentation identified current City Hall campus deficiencies as well as significant public safety issues and facility needs. A Civic Center Feasibility Study was initiated in February to analyze conceptual alternatives for addressing these needs. During the study, Qwest approached the City to discuss the possible sale of its building. Subsequently, the study concluded that reuse of an existing building is the least expensive option for the City.

Mr. Terry said the purchase of the Qwest building allows the City to take advantage of a down market. The Qwest building is large enough to address long-term public safety and overall City facility needs at about the same cost of building a new public safety facility on the current City Hall campus.

Mr. Terry reviewed the longstanding policy objectives met by establishing a civic center in downtown Bellevue:

- Comprehensive Plan Policy S-DT-7: Encourage major governmental agencies serving Bellevue residents to locate downtown.
- Comprehensive Plan Policy S-DT-8: Consider relocation of Bellevue City Hall to a site in the downtown.
- Comprehensive Plan Policy S-DT-106: Locate public safety/City Hall adjacent to convention center.
- Urban Design Guidelines: Locate activity center at the east end of the Pedestrian Corridor and Transit Center.

Relocating City Hall to the Qwest building encourages economic development, absorbs office space in a market with a 30-percent vacancy rate, and creates construction jobs within the community.

Mr. Terry recalled that the City Manager signed a letter of intent approximately two weeks ago expressing the City's willingness to consider this acquisition. At that time, staff was directed to evaluate the Qwest building and analyze the financial feasibility of this transaction. This ongoing due diligence work focuses on architectural requirements, seismic/structural requirements, mechanical systems, the building's compatibility with the City's programs, environmental issues, costs, site access, and parking facilities.

Deputy City Manager Ed Oberg reviewed financing options for the Qwest building acquisition. Staff members are evaluating the City's ability to utilize current revenues to achieve this goal. Total costs are estimated at \$90 million to \$105 million which includes \$28 million for the building and land and approximately \$62 million to \$77 million for development and renovation. Staff is developing a Comprehensive Financial Plan which could include the use of reserves, future CIP (Capital Investment Program) resources, and possibly new tax revenue.

Mr. Oberg noted the availability of \$15.3 million in unallocated reserves which includes a \$12.9 million reserve established by Council and a \$2.4 million building reserve created by deferring major facility maintenance projects on the City Hall campus. Council directed staff earlier in the year to evaluate overall City reserves as part of the biennial budget process. Mr. Oberg said additional reserves could be allocated to this project with the understanding that a replenishment policy should be established to restore these reserves before they are needed for future expenditures.

Mr. Oberg described CIP resources available for funding the civic center initiative. General CIP revenue, the largest single funding source within the CIP, contains roughly half of the City's sales tax revenues and one-quarter of business and occupation (B&O) tax revenues. In 2002,

these two revenue sources allocated to the CIP generated approximately \$15 million. These revenues are expected to increase to \$22 million annually by 2010 and to \$40 million annually by 2020. The goal is to keep the current CIP Plan intact and to allocate future CIP revenues beginning in 2010 for the civic center project.

Mr. Oberg said substantial unused property tax capacity is an additional funding source. Council has enacted only one property tax increase (2.2% in 1997) in the past eight years.

Mr. Oberg said staff is working to develop a financing plan using some combination of available resources. He reiterated that reserves should be maintained to meet projected needs and that a replenishment policy may be established if reserves are utilized for the civic center project. Staff is working under the assumption that current CIP commitments through 2009 should be protected, with the potential for using future CIP resources beginning in 2010. With respect to property taxes, staff's goal is to maintain tax levels at or below the average levels during the 1990s. Mr. Oberg said a comprehensive financing plan should maintain Bellevue's Aaa bond rating (Moody's).

Councilmember Mosher commended staff for evaluating a range of options. He said the City has done a good job of building up reserves for a "rainy day." He feels it is reasonable to now draw on these reserves to provide enhanced public safety and City facilities.

Dr. Davidson expressed support for the project. He is willing to consider the use of CIP resources and reserves, as long as a repayment policy is established to rebuild the reserves. He is reluctant to increase property taxes, however, given the current economy. Overall, Dr. Davidson is pleased the City is in a position to take advantage of this opportunity.

Mr. Noble acknowledged the need to improve public safety facilities. He supports the Qwest building acquisition and the creation of a new civic center in light of the fact that the project could be completed at the same cost as constructing a new public safety facility. He noted operational and cost efficiencies to be gained by consolidating facilities. Mr. Noble supports the use of reserves to take advantage of this one-time opportunity. However, he does not want this to set a precedent for future projects.

Mr. Lee feels the project is consistent with the long-term vision for Bellevue. He supports this opportunity to relocate City Hall and to use reserves for this purpose. He is not in favor of imposing a property tax increase but encourages a reprioritization of CIP funds as an alternative.

Mayor Marshall concurred with Council's comments. She noted it is rare when a government entity can take advantage of a buyer's market, and the location of the Qwest building next to Meydenbauer Center makes it ideal for a civic center. The building will meet long-term public safety and general government needs. Mrs. Marshall supports the proposed financing strategies, agrees with the need to replenish reserves if utilized, and agrees with the importance of maintaining the City's Aaa bond rating. She looks forward to further discussion with the full Council. Mayor Marshall thanked staff for their hard work to date.

(b) Downtown Implementation Plan Update

This discussion was postponed to September 23.

(c) Annual Concurrency Report

Mr. Sarkozy introduced the annual concurrency report. Transportation level of service (LOS) findings are used to guide land use and transportation decisions for the 13 mobility management areas (MMAs) in Bellevue.

Transportation Director Goran Sparrman explained that the annual concurrency study is designed to project future traffic conditions based on anticipated growth and funded infrastructure improvements. He noted that last year's report covered two methodologies for both one-hour and two-hour peak traffic periods. This report is based on the two-hour p.m. peak period only.

Kris Liljeblad, Assistant Director of Transportation, said concurrency is a tool for managing land use development and funded transportation capacity, which is a requirement of the state Growth Management Act. The Traffic Standards Code defines the City's concurrency method. Bellevue measures LOS in 13 mobility management areas (MMAs) defined by their predominant type of land use. LOS is measured at specific signalized intersections, and the volume/capacity ratio reports traffic volumes in relation to available traffic capacity. The evening peak period is measured because it represents the most heavily traveled time of day. Mr. Liljeblad displayed a map of the 14 MMAs in Bellevue. He noted the Newport Hills MMA does not have any signalized intersections and is therefore not measured.

Mr. Liljeblad explained that existing LOS conditions are based on field traffic counts taken at designated intersections. These figures are then compared with the previous year's volume/capacity ratios. The City follows the Highway Capacity Manual 209 (HCM 209), two-hour averaging methodology. Concurrency LOS refers to a forecast of traffic conditions based on permitted developments as of June 30, 2002, and CIP-funded roadway capacity projects.

Mr. Liljeblad reviewed Table 4 of the presentation titled "Comparison of Existing LOS Snapshots." He noted an overall average 8 percent improvement in volume/capacity ratios for intersections in all MMAs. The East Bellevue MMA improved by 4 percent in 2001, indicating available capacity of 16.5 percent. The Downtown MMA improved by 10 percent, reflecting available capacity of 36.8 percent. Mr. Liljeblad displayed and described a graph of traffic trends on Bellevue arterials, which shows a peak in traffic volumes in 1999 and a modest decline in volumes since that time.

Mr. Liljeblad reviewed the following existing LOS findings:

- Overall, evening peak period traffic reflects a 5-percent decline from 2000 to 2001.
- 11 of 13 MMAs experienced an improved LOS.
- Two MMAs reflect a slight increase in LOS.
- Several intersection capacities improved due to signal timing changes.

- Completed projects (e.g., the new interchange at SR 520 and NE 40<sup>th</sup> Street, extension of 110<sup>th</sup> Avenue downtown, and an intersection improvement at Bel-Red Road and 134<sup>th</sup> Avenue) helped to improve traffic circulation.

Mr. Sparrman discussed concurrency LOS findings. He displayed a table of permitted land use projects and a map of current/pending CIP transportation projects for each MMA. He reviewed the Access Downtown project which is a series of projects along I-405 designed to improve access into downtown and to provide a high-capacity transit connection between HOV lanes and Bellevue Transit Center. Turning to a table titled “Comparison of Concurrency LOS Snapshots,” Mr. Sparrman noted a 1 percent improvement in concurrency standards downtown and a 5 percent improvement in East Bellevue. Overall concurrency LOS reflects a 6 percent improvement. The number of intersections exceeding LOS standards declined from six in 2001 to three in 2002. The volume/capacity ratio declined for 11 of 13 MMAs, while two MMAs experienced minor changes. The volume/capacity ratio for the Downtown MMA declined 1 percent despite absorbing 90 percent of citywide growth.

Mr. Sparrman summarized that progress in the design and implementation of CIP projects resulted in improved concurrency LOS projections. Traffic signal design, channelization, and improved signal timing have contributed to overall operational efficiency as well. Mr. Sparrman said the findings support a continued development focus in the downtown. Congestion management remains a challenge, particularly with respect to the regional transportation system.

Responding to Mr. Lee, Mr. Liljeblad said LOS measures for the Factoria and Newcastle MMAs still reflect a significant, favorable difference between volume/capacity ratios and the concurrency standard, despite the slight deterioration in these MMAs. He noted that upcoming CIP projects in the Factoria area will provide further noticeable benefits over the next six years.

In further response to Mr. Lee, Mr. Liljeblad discussed a suggestion by David Plummer that the City should be evaluating traffic flow for arterial corridors in addition to or instead of measuring intersections within MMAs. Mr. Liljeblad said his suggestion is not a bad one. However, the City follows an approach specified in its Traffic Standards Code. Mr. Sparrman said a state-funded, four-city (Bellevue, Issaquah, Kirkland, Redmond) study is currently underway to evaluate alternative concurrency methodologies. The findings will be reported to the state legislature in late 2003.

Mr. Noble said the Puget Sound Regional Council is also conducting a study of different concurrency methods used throughout the region. In response to Mr. Noble, Mr. Sparrman said traffic counting is not an exact science and traffic volumes vary daily, monthly, and seasonally. The City counts the same locations every year in order to be able to report trends and draw conclusions. In further response, Mr. Sparrman said staff will provide a map of intersections in MMA 2 (Bridle Trails).

Mr. Mosher is pleased with the City’s progress in managing traffic congestion, in large part through infrastructure improvements. He discussed the benefits of expanded transit service on the Eastside in terms of an ability to move people, not just cars, throughout the community.

Mayor Marshall noted Council's work with the community to develop a local transportation vision and to allocate \$100 million for local transportation system improvements. Council continues to work to implement the regional transportation vision as well. Mayor Marshall thanked citizens for tolerating the inconveniences associated with public construction projects.

At 7:58 p.m., Mayor Marshall declared recess to the regular session.

Myrna L. Basich  
City Clerk

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